

Policies and pattern of industrial development in Thailand

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Abstract Spatial concentration of manufacturing always ends up with regional inequalities. This phenomenon is also true in the case of Thailand. The pattern of industrial development in Thailand from 1996 to 2005 was examined using composite index in analyzing the pattern, the results of which are described in this paper. The review was aimed at assessing the effects of development policies and the factors that influenced the concentration of industrial development in the country. Results of the analysis indicated that most industries are concentrated only in Bangkok and its vicinity even if the Government of Thailand has promoted investment policies to support and develop provincial industries in the remote rural areas. Moreover, the results also showed that capital intensive based industries are concentrated in the urban areas, while the resources-based industries are mainly found in the rural areas. Despite wide zonal variation of industrial development within Thailand, the outcomes of the industrial decentralization policy are very impressive and leading to the path of greater success in coming decades.

Keywords Thailand · Pattern of Industrial Development · Industrial Development Policy · Composite Index · Industrialization · Industrial Location

Introduction

Economic development is closely dependent on industrial development, not only with respect to the industrial sector's pivotal contribution to economic growth but more conspicuously with regards to the structural transformation of an economy. Creation of employment opportunities and generation of income take place directly in the industrial sector and are indirectly fostered in other sectors such as in agriculture and services through their linkages to the industry (UN 1990; Mishra 1999; UNIDO 2005).

In Thailand, industrialization and urbanization have been the major driving forces towards modernization in the early 1960s (Panpiemras 1988; Biggs et al. 1990; IFCT 1991; World Bank 1993; Cuyvers et al. 1997). Over the past four decades, the growth pattern of the manufacturing industry in Thailand could be divided into two sub-periods, namely: 1960–1985 and 1986 to the present. The purpose of such grouping is to illustrate the growth performance of the different industrialization strategies under two regimes, such as the import substitution (IS) and export promotion (EP) regimes. It should be noted that Thailand had pursued a typical IS industrialization strategy between the early

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